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Auth: 4 Apr 77

Date: 77/1763

By: 023

21 April 1949

0-4225

## INTELLIGENCE MEMORANDUM NO. 167

SUBJECT: Estimated Effects on Poland of a Softer United States Economic Policy

1. Increasing efforts on the part of the Polish Government to obtain more favorable economic treatment from the United States indicate the desirability of reviewing the possible effects of a softer United States economic policy toward Poland.

2. For example, reports, primarily originating with pro-Western Poles, emphasize the advantages of a softer United States policy without considering the overriding disadvantages of such a change. These reports express the belief that the United States policy of economic discrimination against Poland is accelerating their country's Communization by accentuating its economic dependence on the USSR. Moreover, the Soviet Union has seized the resulting propaganda advantages to exploit its professed paternal interest in the development of the Polish economy. The Western-oriented Poles claim that a softer United States economic policy would prove more beneficial in sustaining the hopes and resistance of the Polish people and in slowing the Communization of their country than the aggregate of the United States "propaganda" and political moves to date. As an example, Polish agricultural export commitments under the recent trade agreement with England are cited as having placed a definite brake on the farm collectivization program and forced a relaxation of the war against the private farms. In addition, the claim is made that recent dismissals of pro-Western Polish officials have been brought about by the discriminatory US trade policy.

3. While it is recognized that expanding commercial relations between US and Poland might help a few Western-minded Poles to remain temporarily in responsible positions, it is estimated that the above arguments are largely based on wishful thinking. The presence of an element friendly to the US will be tolerated by the Communist regime only as long as it proves useful to the Communists. In the meantime, the influence of this group on high official policy is negligible, and its ability to preserve some measure of Polish economic independence from the USSR will continue to diminish. Evidence of this last trend is indicated in reports that even good party-line economists like Hilary Minc, member of Politburo and former Minister of Industry and Trade, are in trouble for urging a degree of moderation in the execution of collectivization policies.

Note: This memorandum has been informally discussed with research analysts of the Intelligence Organization of the Department of State. It has not, however, been submitted for formal concurrence or dissent to any of the IAC agencies.

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4. Actually there is ample evidence that the Polish economy in general has shown a better rate of progress than that of the other satellites, and any assistance from the West to Poland would only contribute to the ultimate enhancement of the Soviet Union's war potential. The US licensing policy, on the other hand, is reported to have seriously disturbed Polish economic planning and prospects for more rapid industrial expansion. Any relaxation of US controls at this time, therefore, would play directly into the hands of the Communist regime, which has repeatedly endeavored to achieve such relaxation by various means. Furthermore, the collectivization program in Poland is not being activated immediately, largely because of the division of opinion among the ruling Communists as to the most propitious time for its implementation rather than because of commitments made under the UK-Polish trade pact. Actually, the official Soviet press has stated that there is nothing unique in Poland's agrarian situation that justifies any deviation from the Soviet path to collectivization.

5. It is believed that, notwithstanding claims advanced by the pro-Western Poles, the expansion of commercial ties with the West would fail to produce any long-range gains for the anti-Communist cause. On the contrary, it is felt that any relaxation of US economic policy toward Poland would have a demoralizing effect on anti-Communist segments of the Polish population because such action would provide the Communist regime with the ideal propaganda theme that US "dollar" interests can no longer resist the "rich" markets of Eastern Europe. Finally, any expansion of Polish-American trade and resulting industrial development would be attributed by the Communist entirely to the ingenuity and ability of the regime.